



USDA Foreign Agricultural Service

# GAIN Report

Global Agriculture Information Network

Template Version 2.09

Voluntary Report - public distribution

**Date:** 12/23/2003

**GAIN Report Number:** IN3123

## India

### Grain and Feed

### January Update

### 2003

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**Report Highlights:**

India's subsidized non-basmati rice exports are almost finished and wheat exports are dwindling. Corn production is expected to reach a record and some exports are taking place.

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Includes PSD Changes: Yes

Includes Trade Matrix: No

Unscheduled Report

New Delhi [IN1]

[IN]

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## **INDIAN RICE EXPORTS VIRTUALLY OVER**

Rice exports from India, with the exception of small exports of basmati rice, are virtually over as the government discontinued fresh allocations to exporters in August. The Food Ministry has announced that it will consider fresh export bookings only after reviewing the stock situation by end-January. Furthermore, the government has increased the sales price of rice for exports for the January – March 2004 quarter by rs. 300 (\$6.60) per metric ton to rs. 7,600 (\$167) for the 2002 crop and rs. 7,525 (\$165.4) for the 2001 crop. Parboiled rice would attract a premium of rs. 200 (\$4.40) per metric ton. The revised prices are applicable to outstanding export contracts as well, which would make outstanding export commitments (albeit small quantities) unviable. Based on actual shipment data compiled from private sources, post estimates CY 2003 rice exports at 4.4 million tons. CY 2004 exports are forecast at 2 million tons, down from the October forecast of 2.5 million tons.

## **RICE STOCKS AT FOURTEEN -YEAR LOW**

Government rice stocks on October 1, 2003, dipped to 5.2 million tons from 15.8 million tons a year ago, the lowest since 1989, when stocks were 2.1 million tons. The steep decline in stocks was the result of lower government rice procurement last year (16.4 million tons), combined with record offtake for domestic consumption (due to drought) and heavy exports. Government rice procurement during the 2003/04 marketing year (Oct – Sep) through mid-December is slightly ahead at 9.7 million tons compared with 8.9 million tons during the corresponding period of MY 2002/03, reflecting higher production. Most of the procurement thus far has been from the northern states of Punjab (8.4 million tons) and Haryana (0.7 million tons). However, the crucial factor deciding the total volume of rice procurement will be the level of procurement from the southern state of Andhra Pradesh, where the procurement operation begins in January. Although typically the state procures 6.5 to 7.0 million tons of rice, procurement dipped sharply to 2.6 million tons in MY 2002/03 due to lower production. Indications are the country's total rice procurement this year will be somewhat higher than last year's level but below the record procurement of 21.3 million tons in MY 2001/02.

## **WHEAT PLANTING AHEAD, WEATHER FAVORABLE**

Post revises the 2003 wheat production estimate upward to 69.3 million tons from 25.3 million hectares, reflecting latest government estimates.

Planting of the 2004 wheat crop is almost over in major growing states but is still continuing in other states. Indications are that area planted to wheat this year will be at least one million hectares higher than last year's 25.3 million hectares, with the increase mostly confined to Rajasthan and Madhya Pradesh. In the major surplus states of Punjab and Haryana, wheat acreage is likely to be more or less at last year's level, although there was increased emphasis on crop diversification in these states. Although high temperatures through mid-December in wheat growing areas were of concern, temperatures subsequently dropped to normal levels, which combined with some winter rains, are providing favorable growing conditions.

## **WHEAT EXPORTS LIKELY TO SLOW DOWN**

Although the government discontinued allocation of wheat for exports against fresh contracts in August, heavy shipments continued against outstanding contracts, with July – December 2003 exports totaling around 3 million tons. There are still some outstanding export commitments totaling over 1 million tons. However, the government recently increased the sales price of wheat for exports by rs. 500 (\$11) per metric ton for the January - March 2004

quarter, making it applicable to the outstanding contracts as well. The revised sales price of wheat is rs. 6,525 (\$143.40) per metric ton for the 2003 crop, rs. 6,225 (\$136.80) per metric ton for the 2002 crop, and rs. 6,085 (\$133.70) for the 2001 and 2000 crops. This would make pending export deals unviable. Nonetheless, some exports are likely during the next three months because of the prevailing high world prices, taking 2003/04 (July-June) exports to at least 3.5 million tons. The Food Ministry has announced that it will consider fresh export bookings only after reviewing the stock situation by end-January. Government wheat stocks on November 1, 2003, were 16.4 million tons compared with 33.1 million tons a year ago. With a monthly offtake of 1.8 million tons for domestic distribution and exports during November 2003 to March 2004, stocks are likely to decline to around 7.5 million tons on April 1, 2004, the lowest level in five years. Furthermore, domestic wheat prices are firming up, with the indicative Delhi wholesale price for milling wheat currently at a record rs. 7,900 (\$174) per metric ton. Hence, it is unlikely that the government will make fresh export allocation at subsidized rates in the near future. As mentioned in the November update (IN3109), India's 2001/02 (July-June) exports were 6.1 million tons.

### **CORN PRODUCTION UP ...**

According to preliminary official estimates, India's *kharif* (fall harvested) corn production this year was 12.8 million tons compared with the drought reduced output of 9.2 million tons in 2002. Higher production is attributed to favorable rainfall distribution in major corn growing regions. Typically, the *rabi* (winter season) corn production is around 1.9 million tons, which would take total 2003/04 corn production to 14.7 million tons compared with 11.1 million tons in 2002/03 and the previous record production of 13.3 million tons in 2001/02.

### **... EXPORTS ON**

According to trade sources, Indian exporters have contracted to export about 125,000 tons of corn (in small lots) to South East and West Asian countries at around \$130 per metric ton (FOB). The Secretary of the Indian Maize Development Association was quoted saying that a fall in Chinese corn production forced South East Asian countries to look at India as Indian prices are extremely competitive. According to him, India's proximity to the countries that are looking for corn imports is also helping. Nonetheless, India's exportable surplus is likely to be limited as domestic feed demand is growing. Post forecasts 2003/04 exports at 250,000 tons. Unlike in the case of wheat and rice, there is no government subsidy on corn exports and exporters are sourcing corn from the open market.

**Table 1: Government Procurement, Stocks, and Offtake of Wheat (a year ago)**  
(million metric tons)

	Stocks	Procurement Cumulative	Imports	Offtake *
<b>Nov 1, 2002</b>	33.1 (35.8)			1.7 (1.6)
<b>Dec 1</b>	31.3 (34.0)			2.4 (1.6)
<b>Jan 1, 2003</b>	28.8 (32.4)			2.4 (2.0)
<b>Feb 1</b>	21.3 (30.2) #			2.7 (1.9)
<b>Mar 1</b>	18.6 (28.5)	19.0 (20.6) 1/		2.9 (1.7)
<b>Apr 1</b>	15.7 (26.0)			1.6 (1.1)
<b>May 1</b>	26.0 (38.1)			1.9 (1.3)
<b>Jun 1</b>	26.6 (41.3)			2.3 (1.6)
<b>Jul 1</b>	24.2 (41.1)			2.3 (1.5)
<b>Aug 1</b>	22.4 (39.7)			1.7 (2.4)
<b>Sep 1</b>	20.7 (37.9)			2.3 (2.2)
<b>Oct 1</b>	18.4 (35.6)			2.0 (2.3)
<b>Nov 1</b>	16.4 (33.1)	15.8 (19.0) 2/		

\* Includes exports

1/ Cumulative procurement: April 1, 2002 to March 31, 2003

2/ Cumulative procurement: April 1, 2003 to November 30, 2003

# The sharp decline in stocks was attributed to "accounting errors"

**Table 2: Government Procurement, Stocks, and Offtake of Rice (a year ago)**  
(Million metric tons)

	Stocks	Procurement Cumulative	Imports	Offtake *
<b>Nov 1, 2002</b>	20.5 (26.5)			1.6 (1.2)
<b>Dec 1</b>	20.3 (25.1)			1.8 (1.3)
<b>Jan 1, 2003</b>	19.4 (25.6)			1.8 (1.8)
<b>Feb 1</b>	18.8 (26.1)			1.8 (1.6)
<b>Mar 1</b>	17.6 (26.0)			2.4 (2.3)
<b>Apr 1</b>	17.2 (24.9)			1.6 (1.7)
<b>May 1</b>	15.3 (24.5)			2.4 (2.4)
<b>Jun 1</b>	13.2 (23.4)			2.6 (2.4)
<b>Jul 1</b>	11.0 (21.9)			2.9 (2.1)
<b>Aug 1</b>	8.1 (20.1)			1.0 (2.5)
<b>Sep 1</b>	7.1 (17.5)	16.4 (21.3) 1/		1.9 (1.9)
<b>Oct 1</b>	5.2 (15.8)			1.9 (2.0)
<b>Nov 1</b>	5.7 (20.5)	8.7 (8.4) 2/		

\* Includes exports

1/ Cumulative procurement: October 1, 2002 to September 30, 2003

2/ Cumulative procurement: October 1 to November 25

**Source: Department of Food and Public Distribution, GOI**

Table 3: Commodity, Rice Milled, PSD Table

<b>PSD Table</b>							
<b>Country:</b>	<b>India</b>						
<b>Commodity:</b>	<b>Rice, Milled</b>						
		<b>2001</b>		<b>2002</b>		<b>2003</b>	UOM
	Old	New	Old	New	Old	New	
<b>Market Year Begin</b>		<b>10/2001</b>		<b>10/2002</b>		<b>10/2003</b>	(MONTH/YEAR)
Area Harvested	44,600	44,600	40,000	40,000	44,000	44,000	(1000 Hectares)
Beginning Stocks	25,051	25,051	24,480	24,480	12,000	12,000	(1000 MT)
Milled Production	93,080	93,080	75,700	75,700	89,000	89,000	(1000 MT)
Rough Production	139,634	139,634	113,561	113,561	133,513	133,513	(1000 MT)
Milling Rate(.9999)	6,666	6,666	6,666	6,666	6,666	6,666	(1000 MT)
TOTAL Imports	0	0	0	0	0	0	(1000 MT)
Jan-Dec Imports	0	0	0	0	0	0	(1000 MT)
Jan-Dec Import U.S.	0	0	0	0	0	0	(1000 MT)
<b>TOTAL SUPPLY</b>	118,131	<b>118,131</b>	100,180	<b>100,180</b>	101,000	<b>101,000</b>	(1000 MT)
TOTAL Exports	6,300	6,300	4,500	4,500	3,000	2,500	(1000 MT)
Jan-Dec Exports	6,650	6,650	4,400	4,400	2,500	2,000	(1000 MT)
TOTAL Dom. Consumption	87,351	87,351	83,680	83,680	85,000	85,000	(1000 MT)
Ending Stocks	24,480	24,480	12,000	12,000	13,000	13,500	(1000 MT)
<b>TOTAL DISTRIBUTION</b>	118,131	<b>118,131</b>	100,180	<b>100,180</b>	101,000	<b>101,000</b>	(1000 MT)

Table 4: Commodity, Wheat, PSD Table

PSD Table							
Country:	India						
Commodity:	Wheat						
		2001		2002		2003	UOM
	Old	New	Old	New	Old	New	
Market Year Begin		04/2001		04/2002		04/2003	(MONTH/YEAR)
Area Harvested	25,700	25,700	25,900	25,900	25,000	25,300	(1000 Hectares)
Beginning Stocks	21,500	21,500	23,000	23,000	15,700	15,700	(1000 MT)
Production	69,680	69,680	71,810	71,810	67,000	69,300	(1000 MT)
TOTAL Mkt. Yr. Imports	32	32	34	34	50	20	(1000 MT)
Jul-Jun Imports	33	33	19	19	50	20	(1000 MT)
Jul-Jun Import U.S.	23	23	10	10	0	0	(1000 MT)
<b>TOTAL SUPPLY</b>	91,212	<b>91,212</b>	94,844	<b>94,844</b>	82,750	<b>85,020</b>	(1000 MT)
TOTAL Mkt. Yr. Exports	3,087	3,087	4,500	5,300	4,000	5,000	(1000 MT)
Jul-Jun Exports	3,234	3,234	5,000	6,100	3,000	3,500	(1000 MT)
Feed Dom. Consumption	500	500	600	600	600	600	(1000 MT)
TOTAL Dom. Consumption	64,200	65,125	74,644	73,844	69,000	72,520	(1000 MT)
Ending Stocks	23,925	23,000	15,700	15,700	9,750	7,500	(1000 MT)
<b>TOTAL DISTRIBUTION</b>	91,212	<b>91,212</b>	94,844	<b>94,844</b>	82,750	<b>85,020</b>	(1000 MT)

Table 6: Commodity, Corn, PSD Table

PSD Table							
Country:	India						
Commodity:	Corn						
		2001		2002		2003	UOM
	Old	New	Old	New	Old	New	
Market Year Begin		11/2001		11/2002		11/2003	(MONTH/YEAR)
Area Harvested	6,870	6,870	6,300	6,300	6,900	6,900	(1000 Hectares)
Beginning Stocks	726	726	1,162	1,162	212	212	(1000 MT)
Production	13,510	13,510	11,100	11,100	13,000	14,700	(1000 MT)
TOTAL Mkt. Yr. Imports	1	1	0	0	0	0	(1000 MT)
Oct-Sep Imports	1	1	0	0	0	0	(1000 MT)
Oct-Sep Import U.S.	0	0	0	0	0	0	(1000 MT)
<b>TOTAL SUPPLY</b>	14,237	<b>14,237</b>	12,262	<b>12,262</b>	13,212	<b>14,912</b>	(1000 MT)
TOTAL Mkt. Yr. Exports	25	25	50	50	50	250	(1000 MT)
Oct-Sep Exports	25	25	50	50	50	250	(1000 MT)
Feed Dom. Consumption	6,300	6,300	5,200	5,200	5,800	6,000	(1000 MT)
TOTAL Dom. Consumption	13,050	13,050	12,000	12,000	12,600	13,662	(1000 MT)
Ending Stocks	1,162	1,162	212	212	562	1,000	(1000 MT)
<b>TOTAL DISTRIBUTION</b>	14,237	<b>14,237</b>	12,262	<b>12,262</b>	13,212	<b>14,912</b>	(1000 MT)